GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:568
ANSWERED ON:31.08.2001
BANK LOANS FOR FLOOD AFFECTED PEOPLE
PRABHAT KUMAR SAMANTARAY

Will the Minister of FINANCE be pleased to state:

(a) whether the Government have issued direction to the commercial banks located in the coastal Orissa to extend any special loan assistance to the people of the flood affected areas for constructing dwelling units and also for starting business for their economic rehabilitation;

(b) if so, the details thereof; and

(c) if not, the steps taken to provide easy credit facilities to the above mentioned people living in coastal areas of Orissa ?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL):

(a) to (c)Reserve Bank of India have issued standing instructions to banks in August 1984 (revised in June 1998) for providing relief in areas affected by natural calamities. These guidelines, inter-alia. envisage
Grant of fresh crop loans to affected farmers
Grant of consumption loan up to Rs. 1000/-.
Conversion of short-term production loans into medium term loans.
Rescheduling/postponement of existing term loan installments
Relaxation in security and margin norms.
Not to treat portion of converted/rescheduled loans as NPAs.
No penal interest to be charged. The banks should also suitably defer the compounding of interest charged.
These guidelines come into effect after the State Government issues a formal order declaring the area to be affected by natural calamity. The State Government of Orissa issued the order on 13th August, 2001- Banks are initiating action accordingly.